

United States Senate

WASHINGTON, DC 20510

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WCB
USF - General

August 19, 2011

The Honorable Julius Genachowski, Chairman
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Dear Chairman Genachowski:

I am writing regarding your effort to modernize the Universal Service Fund (USF), including the effort to bring affordable broadband to all Americans. As the Federal Communications Commission (FCC) comes closer to making a decision on exactly how to modify USF disbursements, I urge the FCC to move quickly to address and reform USF contributions.

As you know, the costs of the USF are ultimately borne by consumers. In recent years, this financial burden has only grown heavier. Approximately ten years ago, the USF contribution factor was around 6 percent; however, today it has reached a rate of over 14 percent. This increase is substantial and the financial impact on consumers in New Jersey and other states is real. While I am supportive of the FCC's efforts to modernize USF and direct its impact to broadband services, this cannot be done effectively if it leads to a further increase in the USF contribution factor. Indeed, doing so may increase the availability of broadband for some, while only making it more unaffordable for others. Such a result is not acceptable.

I appreciate that the FCC has decided to approach USF reform in multiple steps. However, I am concerned that reforming USF disbursements first, as the FCC has decided to do, may ultimately constrain the FCC's ability to fully reform and modernize USF contributions later. This is particularly important in a state like New Jersey where USF contributions far outweigh the USF disbursements provided to the state. For example, in 2009, New Jersey's consumers paid \$4.68 to the fund for every dollar they got back, for a net USF contribution in excess of \$195 million. Significant disparities in net USF contributions also exist in many other states.

The FCC needs to bring relief to consumers in states like New Jersey, which have for too many years borne a disproportionate share of the cost of USF without commensurate benefits. Accordingly, I urge the FCC to carefully consider the impact of its decisions now on the ability of the FCC to modernize and reform USF contributions

later, including the ability to constrain the size of USF and the burden it places on consumers. It is important that the FCC move promptly to consider the reforms and changes needed to modernize USF contributions.

I appreciate your consideration and look forward to hearing about the steps the FCC intends to take to address my concerns.

Sincerely,

A handwritten signature in blue ink that reads "Frank R. Lautenberg". The signature is written in a cursive, flowing style with a large initial "F".

cc: Commissioner Michael J. Copps
Commissioner Robert M. McDowell
Commissioner Mignon Clyburn



FEDERAL COMMUNICATIONS COMMISSION

JULIUS GENACHOWSKI
CHAIRMAN

November 17, 2011

The Honorable Frank R. Lautenberg
United States Senate
324 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Lautenberg:

Thank you very much for your letter regarding the Commission's efforts to reform and modernize the Universal Service Fund (USF) and the intercarrier compensation system (ICC). Your thoughts and concerns were a valuable contribution to our process, and were considered as part of the Commission's deliberations.

On October 27, after many years of hard work on Capitol Hill, among the FCC's Commissioners, and by Commission staff, the Commission unanimously adopted a comprehensive Order overhauling the broken and backward-looking USF and ICC systems for the Internet age. By transitioning these programs to the Connect America Fund, we are delivering on our shared national goal of universal voice and broadband service – including universal mobile voice and broadband service – and enabling increased private sector investment in the indispensable infrastructure of the 21st century: broadband. Importantly, our reforms are fiscally responsible, eliminating waste and inefficiency, using market-based mechanisms to target support where it is needed, and putting the Fund on a firm budget.

The Commission's Order will create jobs beginning in 2012, and lay the foundation for enduring job creation, economic growth, and U.S. global competitiveness for years to come.

For your information, I am enclosing a copy of the Order's "Executive Summary." Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Genachowski", is written over a horizontal line. A checkmark is visible below the signature.

Julius Genachowski

Enclosure